




Credit

Allows businesses or individuals to obtain products in exchange for a promise to pay later

- 
- **Can be used to purchase about any good or service**
 - Homes, Cars, Appliances, Meals, Movies
 - **Business use credit to purchase**
 - Materials, equipment, supplies, services
 - **Extending credit gives consumers an incentive to purchase**
 - Builds sales & profit
 - **Credit builds long-term relationships with customers.**
 - Will shop at store because of credit cards

Credit Card Options

■ Bank Credit Cards

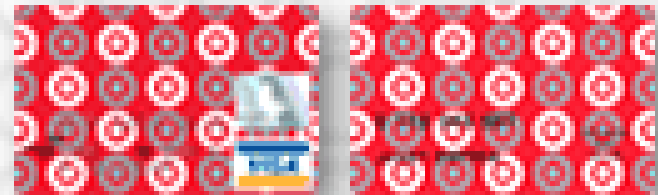
- Issued by banks and subsidiaries
 - VISA, MasterCard (sponsor bank cards—America First VISA)
 - Citibank, Bank One (set their own rates/fees)



■ Store and Gasoline Cards

- Target, Chevron, Sears
 - Usually don't have annual fee's, but higher interest rates

The REDcards™



■ Travel and Entertainment Cards

□ Discover, American Express, Diners Club

- Charge retailers a service fee – that is why they aren't widely accepted
- Some of them have to be paid completely off each month

Apply Now for the
Discover Platinum Card

- 0% Intro APR* on Purchases and Balance Transfers
- Full 5% Cashback Bonus* on Get More purchases
- Up to 1% Cashback Bonus on all other purchases
- \$0 Fraud Liability



■ Affinity Cards

- Credit Cards issued by banks to show your loyalties to University, Sports Team etc.



■ Debit Cards

- Variation of a credit card
 - Funds are withdrawn directly from a checking account

■ Secured and Unsecured Loans

- Loans are considered a form of credit
- SECURED:
 - Something of value is pledged as collateral (security).....cars, property
- UNSECURED:
 - Consumer signs a written promissory note to repay. Must have good credit history



Consumer Credit Plans

■ Regular

☐ 30 day accounts

- Must pay the balance in full within 30 days after they are billed. No finance charge

■ Installment

☐ Time payment plans

- Used for large purchases – college, autos, furniture
- Certain interest rate set over time. Payments set



NORDSTROM



■ Revolving Accounts

- ☐ Retailer determines the credit limit and when payments are due
- ☐ Minimum payments or pay more
- ☐ Interest charged on balance owed
- ☐ Consumer can keep purchasing as long as they make minimum payments and don't go over their limit

■ Budget Accounts

- ☐ Allow the payment of a purchased item over a certain time period without finance charge
 - “90 days, same as cash”





Fair Credit Reporting Act

- 1971
- Requires that a lender report the name and address of the credit bureau that was used by the lender when a consumer is denied credit.
- Consumers can check their credit history for errors